

RESOLUTION NO. RS2018-1158 (GLOVER & HASTINGS) – This resolution would authorize the issuance of public facility revenue improvement bonds by the Sports Authority, authorize the pledge of certain revenues of Metro as security for bonds, and authorize an official statement to be distributed in connection with the sale of the bonds.

This legislation follows and is modeled upon Substitute Resolution No. RS2017-910, adopted by the Council on November 7, 2017, which approved the issuance of bonds by the Sports Authority for the construction of a Major League Soccer (MLS) stadium on the Nashville Fairgrounds site. This subsequent resolution removes most references to the Fairgrounds, instead defining the site of the MLS stadium as “a portion of land dedicated for such purposes located within the area of the Metropolitan Government.” This resolution also removes references to the proposed no-cost 99 year ground lease of +/- 10-acres present in RS2017-910.

There are a few discrepancies of note in this resolution, as submitted by the sponsors. First, this resolution authorizes the issuance of general obligation bonds for improvements to the existing Fairgrounds property. Second, the resolution refers to “Exhibit A,” an Intergovernmental Project Agreement, but no such exhibit is attached to the resolution, as claimed. Third, the resolution authorizes the Sports Authority to execute a long-term ground lease between Metro and the Sports Authority, but identifies no specific Metro property as the location for the stadium. An amendment from the sponsor is anticipated to address some of these discrepancies. Nevertheless, this resolution adopts the stadium cost contributions and estimates of RS2017-910. Those original figures were likely based upon site-specific estimates (*i.e.*, the Fairgrounds site). By re-directing the entirety of the \$50 million G.O. bond proceeds to the Fairgrounds improvements, as this resolution proposes, the stadium costs would almost certainly differ. Moreover, the proposed resolution would not repeal RS2017-910 (which, among other provisions, stated that the Metropolitan Government would refrain from issuing any other indebtedness secured by the same resources.)

In correspondence submitted April 23, 2018 to the Council, the Finance Department declared its inability to certify the availability of funds for the resolution under consideration. This letter further notes that language from RS2017-910 remains in this new resolution regarding the fairgrounds, including issuance of general obligation bonds not to exceed \$50,000,000 for improvements to the fairgrounds – half of which was dedicated to infrastructure for the MLS stadium under RS2017-910 – and authorization of a long-term ground lease with the Sports Authority at an undesignated stadium property.

According to the Finance Department, the MLS team ownership has expended a considerable amount of money in reliance upon the Council's approval of RS2017-910, which could expose Metro to financial liability. The Intergovernmental Project Agreement attached to RS2017-910 provided that termination would not be permitted if it would impair the ability of any party to fulfill contracts or agreements with third parties. The letter from Finance also references a letter from

team owner John Ingram to President Pro Tem Weiner dated March 28, 2018, stating that building the stadium on a site other than the Fairgrounds property could jeopardize the MLS's grant of an expansion team.

Fiscal Note: This resolution does not specifically rescind the authority to issue up to \$225,000,000 in revenue bonds as approved per Resolution No. RS2017-910. However, the intent is apparently to replace that authority with the language in the agreement proposed in this resolution.

Although both resolutions would approve new revenue bonds, there is an important difference. The original authority approved \$50,000,000 in general obligation bonds in addition to the revenue bonds. This money would be used as part of a capital spending plan for improvements to the fairgrounds. Of this amount, \$25,000,000 was to be used for infrastructure improvements associated with the new soccer stadium, with the remaining \$25,000,000 for improvements to existing fairgrounds buildings and facilities.

Although the requirement to build the stadium at the fairgrounds as proposed and approved by MLS Soccer is not included in the proposed replacement agreement, \$50,000,000 in G.O. bonds would still be issued for the fairgrounds. There is no explanation of a purpose or need for the extra \$25,000,000 for the fairgrounds in the resolution.